

PRO-17/021

Atlas considers development of southeastern Utah uranium mine

By Heather Clisby
PAY DIRT Staff Reporter

Atlas Minerals Company is studying the feasibility of developing a new uranium-vanadium mine in Garfield County in southeastern Utah, about 10 miles north of Tropic, according to a company spokesman.

Atlas Minerals, a division of Atlas Corporation, has completed extensive test drilling at the site, called the Edward R. Farley Jr. deposit after the company's chairman.

Atlas President Richard Weaver said test results indicate there is a uranium deposit that could be economically feasible to mine. Plans under consideration would include an underground mine with a work force of between 150 and 200.

If feasibility studies prove positive and permits are granted in a timely fashion, Weaver said mine construction could begin in 1984 with production slated for 1986.

"We're looking at this as a long-range project," Weaver said. "If things work out, we're looking at full production by the end of the decade."

Since 1982, Atlas has conducted a drilling program on the western portion of the project

area. It's possible, Weaver said, that it may also be economical to recover vanadium in the deposit.

The company is not concerned over the currently depressed state of the nation's uranium market, Weaver said.

"Uranium contributes a significant part of the total U.S. energy supply," he said. "In 1982, uranium provided 13 percent of the electricity generated in the United States."

"Demand for uranium is expected to continue to grow in order to supply this country's 80-plus nuclear power plants licensed to operate and the approximately 55 plants now under construction," Weaver said.

Farley is optimistic about the possibility of new uranium properties for Atlas.

"It seems clear that these properties contain the largest reserves of uranium the company has ever had in one group of properties. The average grade of these additional reserves has continued to remain high."

"It now appears that these ores also contain significant quantities of vanadium," Farley said.

"Atlas is in a favorable position to capitalize on an improvement in the uranium

market because it appears that the number of uranium producers in this country will continue to decrease in the next few months, thus reducing competition for sales further, and because Atlas is probably the lowest cost conventional producer of uranium in the country," Farley said.

In October the company recalled 12 miners to increase production at its Utah uranium mines, said John Panos, administrative manager for the Moab-based firm. The recall brought the labor force up to 180, he said.

Atlas has put "a substantial number" on layoff since it began decreasing its work force less than two years ago when the price of uranium dropped dramatically.

"At one time we employed 500," Panos said.

In October, the company said the increased work force was one indication that Atlas "remains cautiously optimistic" about the future.

"Nuclear power is here to stay... and management is confident that the company will be able to participate profitably in that market in the future," said Farley in Atlas' 1982 annual report.

Proposed Colorado coal mine plans to use hydraulic mining

By Heather Clisby
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The developer of a proposed coal mine west of Glenwood Springs, Colorado plans to use a different mining method if the property comes on line.

The mine, proposed by Storm King Mines Inc. of Denver, would employ 250 workers by 1989.

The firm has acquired all necessary permits except those from Garfield County and the Colorado Mine Land Reclamation Division.

Public hearings on the proposal were being held as this issue went to press. A company spokesman said he was told "the hearings were going well."

"Logistically, we're in good shape," said John Woodruff, administrative manager. "We've already acquired surface rights and water rights."

Storm King expects to have all permits by May or June of next year, he said. If it does, production of 2.2 million tons of coal per year is expected to begin in late 1985 or early 1986, he said.

The operation would employ a hydraulic mining method used in a number of mines in the Soviet Union, Canada and elsewhere but as yet little used in the United States, said Samuel S. Arentz III, vice president of operations.

The technique uses jets of water with pressures of 1,600 pounds to 1,800 pounds per

square inch to break and wash the coal in a closed-circuit, fully recycling system, he said.

The coal, estimated at 12,000Btu, would be ideal for steam-generating power plants, Arentz said.

Storm King has field tested the hydraulic method and found it "works amazingly well," Woodruff said.

The company will use the technique because of the steeply dipping coal seams on the 600-acre property.

"Our coal seams are stiffly pitching, at an angle of about 55 percent," Woodruff said. "The hydraulic method only lends itself to steeply pitching operations."

A few Colorado and Washington operations use the hydraulic method, he said.

The proposed coal mine is the company's only potential operation at this time. Storm King has the rights to another Colorado coal property near Meeker, but it isn't as attractive as the Glenwood Springs operation due to unavailability of rail transportation.

All of the company's attention has been given to the Glenwood Springs proposal, Woodruff said, since the economics seem feasible and because of easy access to transportation.

"We're near to the Denver Rio Grande Western Railroad, which will help our customers," he said. Storm King is negotiating with potential customers, but no contracts have been signed.

Although customers will be required to arrange their own transportation, Woodruff said the company will help in any way it can.

With a proven 548 million tons of coal, with 60 percent to 70 percent of that recoverable, Storm King could produce more than its expected yearly production of 2.2 million tons, Woodruff admitted.

"We could produce more, if we are successful in gaining enough customers," he said.

Of Mines And Men

AMAX Coal Company has agreed with Petrofina S.A. to form a joint venture to mine U.S. coal.

Petrofina, a multinational oil company based in Brussels, Belgium, will pay \$16 million for a 50 percent interest in the AMAX Inc. unit's current Appalachian positions.

The holdings consist of undeveloped reserves in West Virginia and Tennessee. The two companies will share all future costs of developing the reserves.

AMAX said it would have difficulty financing the development by itself. In 1982, it had losses of \$390 million on sales of \$2.4 billion.

AMAX Coal, the third-largest coal producer in the United States, has committed most of its coal to domestic utilities under long-term contracts and has exported small amounts to Japan.